No. 80-435

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In The

Supreme Court of the United States

October Term, 1980

VALTEK, INC. and ALPHA ENGINEERING CO.,

Petitioners,

vs.

CONTROL COMPONENTS, INC. and RICHARD E. SELF,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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COUNTER-STATEMENT OF QUESTIONS PRESENTED

1. Should this Court grant a petition where the petitioners failed to assign any error in the district court, as required under Rule 51, Fed. R. Civ. P., and failed to present the questions now raised in the court of appeals?

2. Where the court of appeals panel was unanimous in affirming the verdict and the judgment of patent validity and infringement, is there any basis for concluding that a retrial under a new procedure would reach a different result?

3. Is there any reason to review a case correctly submitted to the jury in accordance with the law of the circuit in which it was tried?

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OPINIONS BELOW

The opinion of the Court of Appeals for the Fifth Circuit is set forth at 609 F. 2d 763 (5th Cir. 1980), and is accurately reproduced as Appendix A of the petition. The denial of the petition for rehearing and petition for rehearing en banc is set forth at 616 F. 2d 892 (5th Cir. 1980) and is accurately reproduced as Appendix C of the petition.

FEDERAL RULES OF PROCEDURE INVOLVED

Rule 51 —

Instructions to Jury: Objection

> At the close of the evidence or at such earlier time during the trial as the court reasonably directs, any party may file written requests that the court instruct the jury on the law as set forth in the requests. The court shall inform counsel of its proposed action upon the requests prior to their arguments to the jury, but the court shall instruct the jury after the arguments are completed. No party may assign as error the giving or the failure to give an instruction unless he objects thereto before the jury retires to consider its verdict, stating distinctly the matter to which he objects and the grounds of his objection. Opportunity shall be given to make the objection out of the hearing of the jury.

CORRECTION TO THE STATEMENT OF THE CASE

Petitioners failed to object to the manner in which the issues of unobviousness and infringement were submitted to the jury. The petition is incorrect in implying that they did. Under the Rules of Civil Procedure, petitioners had the obligation to object on the record just prior to the court's charging of the jury, thereby giving the court the last clear chance to use a different procedure. The trial record is devoid of any objection to the submission of the issue of unobviousness to the jury on a single interrogatory together with a comprehensive charge of the law regarding that issue. The law of the charge is conceded to be correct, but a *new* procedure is requested.

The petitioners also incorrectly characterize the decision below as being "divided." Judge Rubin, in his separate opinion in the second sentence, concurred in validity (App. A, A20[1]).

REASONS FOR DENYING THE WRIT

Petitioners concede that juries have a function in a patent case, but seek new law on procedure for such a trial (Petition p. 6). However, petitioners failed to object to the procedure used and to preserve any error for appellate correction. This case is not a vehicle for the Court to exercise its supervisory power to mandate an *ex post facto* procedure regarding the function of juries in a patent case. Not only was the matter properly tried under the law of the Fifth Circuit, but the evidence of unobviousness was of such weight that it is unlikely that a retrial under any new procedure would reach a different result.

I.

Petitioners' failure to object under Rule 51, Federal Rules of Civil Procedure, leaves them without error upon which the court can act.

The trial court gave the parties full opportunity to object to the jury charge as required by Rule 51, Fed. R. Civ. P., and petitioners failed to object to the use of a single interrogatory, number 4, addressed to unobviousness. The jury found the claims to be unobvious after reviewing the evidence in the light of the charge on that issue, and the court entered judgment of validity of the claims based on its independent finding of unobviousness (App. E, E6, E7).

Petitioners even failed to claim error on this point when it went to the court of appeals. As Judge Rubin pointed out:

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1. References are to Appendices to the Petition.

> Appellants, however, do not challenge the instructions to the jury. Their attack is leveled against the conclusion that the patented invention was nonobvious. (App. A, A23).

Settled precedent of this Court and federal practice in jury trials require the error now alleged be raised in time for the district court to act on the point, before the jury retires to deliberate. This is no meaningless exercise in procedural trivia; it is an important mechanism for the conservation of the precious resources of both the public and the litigants. This was clearly enunciated in *United States v. Atkinson,* 297 U.S. 157 (1936), where this Court stated:

> The verdict of a jury will not ordinarily be set aside for error not brought to the attention of the trial court. This practice is founded upon considerations of fairness to the court and to the parties and of the public interest in bringing litigation to an end after fair opportunity has been afforded to present all issues of law and fact.
>
> * * *
>
> In exceptional circumstances, especially in criminal cases, appellate courts, in the public interest, may, of their own motion, notice errors to which no exception has been taken, if the errors are obvious, or if they otherwise seriously affect the fairness, integrity or public reputation of judicial proceedings. 297 U.S. at 159-60.

Respondents submit that no exceptional circumstance is presented here. The case in the trial court took approximately six (6) weeks and it certainly would not be fair to require a

retrial based on an *ex post facto* procedure such as this Court is now being requested to propound.

II.

There is no reason to believe a retrial would produce a different result.

The court below was unanimous in the affirmance of the judgment of patent validity and infringement. This is well-explained by Judge Rubin in his separate opinion (App. A, A20-A23), where he stated:

> [A]nd because, as my brethren ably demonstrate, there is adequate evidence in the record to support the conclusion on nonobviousness under the *Graham* standard,[2] I concur in the affirmance of the judgment that the patent is valid and infringed. . . . In view of the district judge's correct statement of the *Graham* standard in his instructions to the jury, and the substantial evidence of facts establishing nonobviousness under that standard, I cannot conclude that the district judge's holding was erroneous as to either facts or law [citations deleted]. (App. A, A23).

The invention is concededly novel and the dispute centered around unobviousness over the prior art. In considering the prior art, the court below stated:

> Evidence was presented to show that prior to the invention in 1966, no valve existed which solved both the problems of noise and cavitation,

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2. *Graham v. John Deere Co.*, 383 U.S. 1 (1966).

> nor had any valve been able to use all fluids (gas, liquid, etc.) without damage. A number of manufacturers and users, including the world's largest control valve manufacturer, had failed to develop a valve which could solve both problems. (App. A, A9).
>
> * * *
>
> Evidence was also before the jury showing: that the Self valve was a tremendous commercial success; that competitors were distressed over the widespread success of the Self valve; that experts in the valve art were at first skeptical over the claims of the inventor; that prior to the invention experts in the art urged against the use of abrupt turns which ultimately proved the solution to the problem; and, that competitors viewed the Self valve as representing an important advance in the art. (App. A, A11).

Such evidence is most compelling, as is noted in *Graham* (384 U.S. at 36), because it focuses on economic and motivational rather than technical issues.

The plain fact is that the jury, the district court judge and the three judges of the appeal panel all found the patent to be valid and infringed. There is no reason to believe that under an *ex post facto* procedure mandated by this Court a jury or court would reach a different result.

III.

This action was decided correctly in view of the disputed facts as to the nature of the prior art.

The decision of the appeals court clearly shows that there were disputes as to the teaching of each principal piece of prior art and the applicability of complex technology to the issues at hand (App. A, A7-A10).

The jury's task of resolving the facts of nonobviousness was not an easy one. The structure and operation of every prior art device relied on by petitioners required explanation and resolution of disputes by inventors and experts as to what was structurally present, and its meaning. The conflicting evidence considered by the jury consisted of the technological testimony of the inventor, three fluid dynamic experts, three control valve experts, the inventor of the Valtek valve, several user experts, and two patent experts, plus the viewing of actual flow demonstrations in the courtroom, approximately 200 documentary exhibits, and approximately 60 physical exhibits. After sifting through considerable conflicting evidence and assessing the credibility of the witnesses, the jury resolved the facts in favor of unobviousness of Claims 7, 14 and 17 and the court then entered a validity judgment.

The proper function of an appellate court in such circumstances has long been clear in the Fifth Circuit. Where, as in this case, the scientific underpinnings of the case are complex and the trier of fact had to rely heavily on expert witnesses for explanation and evaluation of the patent disclosures, the appellate court must rely heavily on the findings and credibility choices made below. To do otherwise is to thrust the appellate court into a position of reconsidering credibility and resolving conflicts in expert testimony, which is not its function. *Ziegler v. Phillips Petroleum Co.*, 483 F. 2d 756 (5th Cir. 1969).

The district court denied petitioners' motion for judgment n.o.v. on the question of obviousness and this Court must be mindful of the standard of review of a jury's resolution of factual issues, as the court of appeals and the district court apparently were. In 1969, the Fifth Circuit Court of Appeals, on rehearing en banc, decided what has clearly become the leading case setting forth the test to be applied in reviewing a jury verdict in that circuit. In *Boeing Co. v. Shipman,* 411 F. 2d 365 (5th Cir. 1969), after careful analysis of past cases, secondary authorities and matters of policy, that court announced the standard:

> On motions for . . . judgment notwithstanding the verdict the Court should consider all of the evidence . . . but in the light and with all reasonable inferences most favorable to the party opposed to the motion. . . . The motions for directed verdict and judgment n.o.v. should not be decided by which side has the better of the case, nor should they be granted only when there is a complete absence of probative facts to support a jury verdict. *There must be a conflict in substantial evidence to create a jury question.* *Boeing, supra,* at 374-75. (Emphasis added.)

The court specifically overruled all prior decisions insofar as they conflicted with the *Boeing* test. *Id.* at 377.

Thus the reviewing court's role is to determine, in light of all the evidence, whether there was substantial evidence to support the verdict and, if there was, it should be sustained. *See, e.g., Morrison v. Frito-Lay, Inc.,* 546 F. 2d 154, 161-2 (5th Cir. 1977); *Bissett v. Ply-Gem Industries Inc.,* 533 F. 2d 142, 146-47 (5th Cir. 1976); *Chapman v. Moser,* 532 F. 2d 426, 429 (5th Cir. 1976); *Spurlin v. General Motors Corp.,* 528 F. 2d 612, 619 (5th Cir. 1974); and *Stacy v. Illinois Cent. R.R.,* 491 F. 2d 542, 544 (5th Cir. 1974); *cf. Pellegrin v. J. Ray McDermott & Co., Inc.,* 504 F. 2d 884, 885 (5th Cir. 1974).

In making this assessment, *Boeing* mandates that the court accept as true all credible evidence in favor of respondents, *Boeing, supra,* at 374; *Isaacs v. American Petrofina,* 368 F. 2d 193, 195 (5th Cir. 1966); *Necaise v. Chrysler Corp.,* 335 F. 2d 562, 567 (5th Cir. 1964), being always mindful that:

> [I]t is the function of the jury as the traditional finder of the facts, and not the Court, to weigh conflicting evidence and inferences, and determine the credibility of witnesses. *Boeing, supra,* at 375.

The above-cited law applies to all types of cases including, *inter alia,* negligence, product liability and trade regulation cases. There is not and should not be any special procedure for handling questions of mixed law and fact before a jury in a patent case. The law is settled and as the Court stated in *Commissioner v. Duberstein,* 363 U.S. 278, 290-91 (1960):

> Where a jury had tried the matter upon correct instructions, the only inquiry is whether it can not be said that reasonable men could reach differing conclusions on the issue.

As the petitioners never preserved an error on the submission of the unobviousness issue to the jury, and the factual disputes were tried and decided in accordance with Fifth Circuit law, the case was correctly decided and review in this Court is unnecessary.

IV.

The petition presents no evidence of confusion by the courts — only allegations.

It is a fallacy to allege that courts of appeals are paralyzed by confusion as to how to handle the review of patent cases. Indeed they have had little difficulty in identifying and overturning jury decisions thought to be unsupported by the weight of the evidence. The Fifth Circuit is not rigid and has reversed jury findings on nonobviousness where there is undisputed prior art. *Robbins Co. v. Dresser Industries,* 554 F. 2d 1289 (5th Cir. 1977). Likewise in a recent case the Seventh Circuit did exactly the same thing. *Dual Manufacturing & Engineering v. Burris Industries,* 619 F. 2d 660, *cert. denied* (No. 80-44, October 7, 1980). Moreover, in that case the respondents clearly showed that there was no conflict in the circuits as to the controlling law and that the decision of the court of appeals in this case (App. A) was squarely in accordance with the controlling law.

CONCLUSION

For these reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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